

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**FINANCIAL STATEMENTS AND SCHEDULES**  
**AND REPORTS AS REQUIRED BY THE COMPTROLLER**  
**GENERAL OF THE UNITED STATES OF AMERICA**  
**YEAR ENDED JUNE 30, 2011**

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Florida Addiction Services, Inc.  
Fort Myers, Florida

We have audited the accompanying statement of financial position of Southwest Florida Addiction Services, Inc. ("SWFAS") as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of SWFAS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of SWFAS as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated November 15, 2011, on our consideration of SWFAS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
Southwest Florida Addiction Services, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of SWFAS taken as a whole. The supplementary information on pages 18 through 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Fort Myers, Florida  
November 15, 2011

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

	2011
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 2,016,919
Contracts and accounts receivable, net	1,435,880
Contributions receivable	45,670
Prepaid expenses	514
Total Current Assets	3,498,983
<b>CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION</b>	683,485
<b>PROPERTY AND EQUIPMENT, NET</b>	11,833,256
<b>OTHER ASSETS</b>	189,280
Total Assets	\$ 16,205,004
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 388,215
Deferred revenue	180,365
Current maturities of mortgages payable	91,930
Total Current Liabilities	660,510
<b>LONG-TERM LIABILITIES</b>	
Accrued compensated absences	214,513
Mortgages payable, net of current maturities	4,446,265
Total Long-term Liabilities	4,660,778
<b>OTHER LIABILITIES</b>	
Derivative financial instrument (SWAP Agreement)	456,213
Total Liabilities	5,777,501
<b>NET ASSETS</b>	
Unrestricted	9,173,620
Temporarily restricted	1,233,883
Permanently restricted	20,000
Total Net Assets	10,427,503
Total Liabilities and Net Assets	\$ 16,205,004

See accompanying Notes to Financial Statements.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	2011
<b>UNRESTRICTED NET ASSETS</b>	
<b>REVENUE</b>	
State ADM Grants	\$ 3,889,697
Other government funding	3,172,519
Net client fee revenue	1,539,454
Interest income	789
Unrealized gain on derivative financial instrument	53,561
Other income	320,333
Total Unrestricted Revenue	8,976,353
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	
Satisfaction of program restrictions	262,399
Total Unrestricted Revenues and Other Support	9,238,752
 <b>EXPENSES</b>	
Program services	
Adult mental health	190,865
Adult substance abuse	5,424,763
Children's substance abuse	1,790,319
Other services	157,951
Total program services	7,563,898
Support services	
Administration and other support	1,198,331
Total Expenses	8,762,229
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	476,523
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Contributions	184,668
Interest income	2,526
Net assets released from restrictions	(262,399)
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	(75,205)
 <b>INCREASE IN NET ASSETS</b>	401,318
<b>NET ASSETS, beginning of year</b>	10,026,185
<b>NET ASSETS, end of year</b>	\$ 10,427,503

See accompanying Notes to Financial Statements.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2011**

	Program Services				Supporting Services	Total	
	Adult Mental Health	Adult Substance Abuse	Children's Substance Abuse	Other Services	Total Program		Administration and Other Support
<b>Personnel Expenses</b>							
Salaries	\$ 77,069	\$ 2,799,939	\$ 959,160	\$ 89,051	\$ 3,925,219	\$ 695,255	\$ 4,620,474
Fringe benefits	23,284	823,484	282,772	26,245	1,155,785	218,463	1,374,248
Total Personnel Expenses	<u>100,353</u>	<u>3,623,423</u>	<u>1,241,932</u>	<u>115,296</u>	<u>5,081,004</u>	<u>913,718</u>	<u>5,994,722</u>
<b>Operating Expenses</b>							
Building occupancy	36,157	483,608	200,669	14,419	734,853	37,601	772,454
Professional services	-	21,450	-	-	21,450	98,304	119,754
Travel	904	47,106	15,772	3,143	66,925	2,110	69,035
Equipment cost	15,391	261,452	73,760	6,791	357,394	25,368	382,762
Food service	10,352	201,732	81,818	-	293,902	139	294,041
Medicine and pharmacy	9,049	227,464	34,317	8	270,838	-	270,838
Subcontracted services	12,179	130,399	30,640	7,090	180,308	1,301	181,609
Insurance	2,066	67,680	23,000	2,194	94,940	17,051	111,991
Interest	-	171,806	7,503	-	179,309	19,709	199,018
Operating supplies and expenses	4,414	132,583	44,574	9,010	190,581	61,034	251,615
Loss on asset disposal	-	-	-	-	-	646	646
Donated items	-	56,060	36,334	-	92,394	21,350	113,744
Total Operating Expenses	<u>90,512</u>	<u>1,801,340</u>	<u>548,387</u>	<u>42,655</u>	<u>2,482,894</u>	<u>284,613</u>	<u>2,767,507</u>
<b>Indirect Expenses</b>							
Administration and other support	23,528	854,794	292,823	27,186	1,198,331	(1,198,331)	-
Total Indirect Expenses	<u>23,528</u>	<u>854,794</u>	<u>292,823</u>	<u>27,186</u>	<u>1,198,331</u>	<u>(1,198,331)</u>	<u>-</u>
Total Expenses	<u>\$ 214,393</u>	<u>\$ 6,279,557</u>	<u>\$ 2,083,142</u>	<u>\$ 185,137</u>	<u>\$ 8,762,229</u>	<u>\$ -</u>	<u>\$ 8,762,229</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contracts, client fees and donations	\$ 8,912,260
Cash payments for program and support services	(8,093,763)
Cash received for interest	3,315
Cash payments for interest	<u>(199,018)</u>
Net cash provided by operating activities	<u>622,794</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital expenditures	<u>(630,936)</u>
Net cash used in investing activities	<u>(630,936)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Contributions restricted for capital projects	94,035
Principal payments on long-term debt	<u>(115,230)</u>
Net cash used in financing activities	<u>(21,195)</u>

<b>NET DECREASE IN CASH</b>	(29,337)
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<b>CASH AND CASH EQUIVALENTS</b> , beginning of year	<u>2,046,256</u>
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<b>CASH AND CASH EQUIVALENTS</b> , end of year	<u><u>\$ 2,016,919</u></u>
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*See accompanying Notes to Financial Statements.*

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

**RECONCILIATION OF CHANGES IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING  
ACTIVITIES**

Increase in net assets	\$ 401,318
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	441,032
Amortization of loan issuance costs	2,475
Gain on derivative financial instrument	(53,561)
Loss on sale of land held for investment	37,100
Contributions restricted for capital projects	(94,035)
Pledges for capital projects	104,352
(Increase) Decrease in:	
Contracts and accounts receivable	(234,967)
Prepaid expenses	38,791
Other assets	(577)
Decrease in:	
Accounts payable and accrued expenses	(1,872)
Accrued compensated absences	(10,401)
Deferred revenue	(6,861)
Total adjustments	221,476
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 622,794</b>

*See accompanying Notes to Financial Statements.*

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1      NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Southwest Florida Addiction Services, Inc. ("SWFAS") is a not-for-profit corporation formed to provide the citizens of Lee County, Florida, and surrounding counties, quality, affordable, comprehensive services to individuals, families and the community impacted by addiction and other problem behaviors. SWFAS's support comes primarily from state and local government grants.

**Significant Accounting Policies**

The accounting and reporting policies of SWFAS conform to generally accepted accounting principles in the United States, and are in accordance with the Audit and Accounting Guide issued by the American Institute of Certified Public Accountants, Not-for-Profit Organizations. A summary of the significant accounting policies followed by SWFAS is set forth below.

**Basis of Accounting**

SWFAS prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with a contract, entitlement, or grant document.

The cost of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs based on each program's salary expense.

**Recognition of Contributions**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. SWFAS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Should SWFAS not be able to comply with donor stipulations, the cash or other assets would have to be returned to the donor. Restricted contributions received and expended for their restricted purpose within the fiscal year are recorded as unrestricted in these financial statements.

SWFAS reports gifts of land, buildings, and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets, with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent any explicit donor stipulations about how long those long-lived assets must be maintained, SWFAS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1    NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Concentrations**

SWFAS extends credit to its clients when it provides services. The credit is extended either directly to SWFAS's clients or indirectly to the funding sources that provide SWFAS's revenue. The concentrations of credit are reflected in Note 2 to the financial statements.

At times, SWFAS has cash balances on deposit with financial institutions in excess of FDIC insurance limits.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

**Contracts and Accounts Receivable**

Contracts and accounts receivables are unsecured, and are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

**Property and Equipment**

Property and equipment are capitalized at cost if purchased or at fair value at the time of contribution on items valued at more than \$500 with a useful life of greater than one year. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Maintenance, repairs, and minor renewals are charged to activities in the year in which the expense is incurred. Additions, improvements, and major renewals are capitalized.

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss is included in activities. Disposition of items acquired from certain state contracts require state approval.

**Compensated Absences**

Employees accumulate vacation leave based on the employee's years of service. Vacation leave may not be accumulated in excess of 240 hours. Upon termination of employment, the employee will be paid for the amount of this accumulated leave.

Employees may also accumulate sick leave. Sick leave may not be accumulated in excess of 240 hours. Upon termination of employment, the employee does not receive a pay out of sick leave.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1    NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Taxes**

The Internal Revenue Service has determined that SWFAS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. SWFAS is a not-for-profit Florida corporation and, therefore, is not subject to state income taxes. Should SWFAS's tax exempt status be challenged in the future, its 2009, 2010, and 2011 tax years are open for examination by the IRS.

**Donated Goods and Services**

Donated goods and specialized services are recorded at estimated market value at the date of receipt. Many individuals volunteer their time and a variety of tasks that assist SWFAS in various ways, which are not directly reflected in the financial statements.

**Deferred Revenue**

Amounts received, but not yet earned, relating to *Employee Assistance Program* contracts, *PATH Programs*, and any prepaid client or patient fees, are reported as deferred revenue.

**Fair Value of Financial Instruments**

SWFAS measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). SWFAS may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1    NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements**

The inputs used to measure fair value are categorized into the following three categories:

**Level 1**

Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that SWFAS has the ability to access as of the measurement date.

**Level 2**

Inputs, other than quoted prices, which are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

**Level 3**

Inputs which are unobservable. Unobservable inputs reflect SWFAS's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. SWFAS adopted the policy to value certain financial instruments at fair value. SWFAS has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, SWFAS has evaluated events and transactions for potential recognition or disclosure through November 15, 2011, the date the financial statements were available to be issued.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2      CONTRACTS AND ACCOUNTS RECEIVABLE**

Contracts and accounts receivable consist of the following at June 30, 2011:

Contracts Receivable	
Lee County	\$    237,446
State of Florida	452,732
Other	281,415
	971,593
Accounts Receivable	
Self-Pay and Insurance	925,684
Medicaid and Medicare	134,869
	1,060,553
Less Allowance for Doubtful Accounts	(596,266)
	464,287
Total Contracts and Accounts Receivable	\$ 1,435,880

**NOTE 3      CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are recognized as support in the period in which the pledge is received. Pledges were receivable in connection with the capital campaign to raise funds for the construction of a new combined detox, outpatient treatment and administrative facility located in Fort Myers, Florida. Amounts not expected to be collected within one year have been discounted to their fair value. The discount rate used was approximately 3.99%. Also included is an amount attributed to the fair value of the land lease provided by the City of Fort Myers for the location of the new combined facility.

Included in pledges receivable at June 30, 2011 are the following unconditional promises to give:

Unconditional Promises to Give Before	
Unamortized Discount	\$    40,000
Less: Unamortized Discount	(345)
	39,655
Contribution Receivable - Fair Value of Land Lease	689,500
	\$ 729,155
Amounts Due In:	
Less Than One Year	\$    45,670
One to Five Years	82,350
More than Five Years	601,135
	\$ 729,155

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2011:

Land	\$ 339,500
Buildings and improvements	13,021,782
Furniture and Equipment	843,400
Computers and software	246,237
Vehicles	176,196
Leasehold improvements	<u>101,278</u>
	14,728,393
Less: Accumulated depreciation	<u>(2,895,137)</u>
	<u><u>\$ 11,833,256</u></u>

Depreciation expense was \$441,032 for the year ended June 30, 2011, of which \$306,082 and \$134,950, respectively, is reported in building occupancy and equipment costs in the statement of functional expenses.

**NOTE 5 MORTGAGES PAYABLE**

Mortgages payable consist of the following at June 30, 2011:

Bonds payable to a financial institution, bearing variable interest at 6.37% of the one month LIBOR rate plus 1.17%, with monthly payments of \$23,914, including interest, due February 2039, collateralized by the Detox & Administration Facility real estate carried at \$6,948,126 at June 30, 2010. SWFAS has entered an interest rate swap agreement for \$4.2 million of this obligation. The effective date of the swap was February 1, 2009. (See Note 7)

	\$ 4,538,195
Less: Current maturities	<u>(91,930)</u>
	<u><u>\$ 4,446,265</u></u>

Scheduled annual principal payments are as follows:

Year Ending June 30,	
2012	\$ 91,930
2013	91,930
2014	91,930
2015	91,930
2016	91,930
Thereafter	<u>4,078,545</u>
	<u><u>\$ 4,538,195</u></u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5      MORTGAGES PAYABLE (CONTINUED)**

The bond purchase and construction financing agreement contains covenants pertaining to the maintenance of working capital and unrestricted net assets. SWFAS is required to maintain a Debt Coverage Ratio equal to or exceeding 1.00 to 1.00 at the end of each fiscal year. In addition, SWFAS must maintain unrestricted net assets of at least \$3,500,000 at all times. At June 30, 2011, SWFAS was in compliance with these covenants.

Construction of a new building at the Transitional Living Center was funded, in part, by State Housing Initiatives Partnership (SHIP) grants. By terms of the SHIP grant, a subordinate mortgage was placed on this property in the amount of \$463,167. The mortgage is zero interest, deferred payment, non-amortizing. All rental and special needs housing must be rented at affordable rates to qualified applicants for a period of fifteen years. If the property is transferred before the fifteen-year affordability period, the full amount of the mortgage will be due to the SHIP Trust Fund.

**NOTE 6      LINE OF CREDIT**

At June 30, 2011, SWFAS had an unused line of credit with Bank of America in the amount of \$500,000, to be drawn upon as needed for operations. The operating line of credit bears interest at LIBOR plus 2.5%, with a renewal date of January 31, 2012. The line of credit is collateralized by accounts receivable and equipment.

**NOTE 7      DERIVATIVE FINANCIAL INSTRUMENT**

SWFAS holds a derivative financial instrument for the purpose of managing the risk associated with interest rates on its variable rate borrowing. SWFAS entered an interest rate swap agreement in connection with the Series 2007A Bonds discussed above (See Note 5). The notional amount of the swap agreement was \$4,086,121 at June 30, 2011. The effective date of this agreement was February 1, 2009, at which time \$4,250,000 of the variable rate debt was converted to a fixed rate of 4.50%.

The fair value of this agreement is \$456,213 and is reported in other liabilities in the statement of financial position. Changes in the fair value of derivatives are reported in the statement of activities. See Note 8 for more information on fair value measurements.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8 FAIR VALUE MEASUREMENTS**

SWFAS uses fair value measurements to record fair value adjustments to certain recurring assets and liabilities and to determine fair value disclosures. For additional information on how SWFAS values all other assets and liabilities refer to Note 1 – Nature of Organization and Significant Accounting Policies.

SWFAS’s interest rate swap is traded in over-the-counter markets where quoted market prices are not readily available. Fair value for the interest rate swap is determined using internally developed models that use primarily market observable inputs, such as yield curves and option volatiles, and accordingly, are classified using Level 2 inputs.

The following table sets forth by level, within the fair value hierarchy, the fair value of SWFAS’s interest rate swap as of June 30, 2011:

	Level 1	Level 2	Level 3
Interest rate swap	\$ -	\$ 456,213	\$ -

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Vince Smith Center	\$ 14,216
Prevention	135,563
Transitional Living Center	11,073
Land Lease	689,500
Other programs	383,531
	\$ 1,233,883

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Transitional Living Center	\$ 35,265
Land Lease	14,670
Prevention	15,075
Vince Smith Center	97,371
Other programs	100,018
	\$ 262,399

**NOTE 10 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support any activities of the organization.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Estimated fair values for SWFAS's financial instruments, all of which are held for non-trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Noncurrent contributions receivable	\$ 683,485	\$ -
Interest rate swap agreement	\$ 456,213	\$ 456,213
Long-term debt	\$ 4,446,265	\$ 4,446,265

SWFAS has not calculated the fair value of noncurrent contributions receivable at June 30, 2011, because it was determined not to be practicable. The fair value for the interest rate swap agreement and long-term debt does not differ materially from the carrying values recorded in the accompanying balance sheet. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and, accordingly the estimates are not necessarily indicative of the amounts that SWFAS could realize in a current market exchange.

**NOTE 12 PENSION PLAN**

SWFAS offers its employees a defined contribution pension plan. The plan covers substantially all employees subject to a minimum employment requirement. Vesting of benefits accrues at the rate of 20% per year. Total contributions to the plan for the year ended June 30, 2011 were \$228,714.

**NOTE 13 SUPPORT FROM THE STATE OF FLORIDA WHICH REQUIRES MATCH**

During the year ended June 30, 2011, SWFAS received support from the State of Florida Department of Children and Families, passed through Central Florida Behavioral Health Network. Contracts are renegotiated annually. The income from these contracts is earned by providing services to clients. The contracts required a local match of \$432,291 in 2011 for certain program services.

SWFAS incurred and funded allowable program costs in excess of these match requirements.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 14 SUPPORT FROM LEE COUNTY, FLORIDA**

During the year ended June 30, 2011, SWFAS received support from Lee County under various contracts as presented below:

<u>Contract #</u>	<u>Contract Award</u>	<u>Revenue Earned</u>
3196	\$ 536,946	\$ 4,920
4886	87,534	8,005
4958	1,675,498	225,340
4961	392,165	6,384
5041	22,500	928
5130	119,736	118,332
5163	48,469	41,310
5453	1,675,499	1,470,835
5441	392,165	338,647
5556	21,132	21,132
5212	89,668	73,786
5595	119,736	36,145
5193	31,997	31,234
C-5051	463,167	390,438
		<u>\$ 2,767,436</u>

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

SWFAS is currently receiving, and has received in the past, grants, Medicaid funds and Medicare funds, which are subject to special compliance audits by the grantor agencies. These audits may result in disallowed expense amounts. Disallowed amounts, if any, constitute a contingent liability to SWFAS. Management does not believe any resulting contingent liabilities would be material to the financial position of SWFAS.

SWFAS leases certain items of equipment and office space under various non-cancelable operating leases. The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 53,410
2013	45,792
2014	41,229
2015	41,229
2016	41,229
After 2016	10,307
	<u>\$ 233,196</u>

Rental expense was \$79,692 for the year ended June 30, 2011.

**SUPPLEMENTARY INFORMATION**

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF REVENUES BY COST CENTER**  
**YEAR ENDED JUNE 30, 2011**

ADULT MENTAL HEALTH

<b>STATE ADM FUNDING</b>	Case Management	Incidental Expenses	Assessments	Medical Services	Outpatient Individual	Outreach	Supported Employment	Supported Housing
100610-20-2-401001-39A18 (TANF)	\$ 7,346	\$ -	\$ 279	\$ -	\$ 1,775	\$ 1,205	\$ 1,475	\$ 1,965
101350-10-1-000326-19M18	5,551	-	211	-	1,342	911	1,115	1,485
100610-20-2-261015-GX018 (PATH)	42,919	3,299	1,631	-	10,373	7,043	8,621	11,479
100618-20-2-027005-27CHV	-	-	-	-	-	-	-	-
101350-10-1-000326-19M18 (IDP)	-	-	-	4,895	-	-	-	-
100420-10-1-000326-27ME3	-	-	-	-	-	-	-	-
100420-20-2-027005-27PR2	-	-	-	-	-	-	-	-
100420-20-2-401001-39TC1 (TANF)	-	-	-	-	-	-	-	-
100618-10-1-000326-270G5	-	-	-	-	-	-	-	-
100618-10-1-000326-270G7	-	-	-	-	-	-	-	-
100618-20-2-027005-27AD7	-	-	-	-	-	-	-	-
100618-20-2-027005-27HIV	-	-	-	-	-	-	-	-
100618-20-2-122023-27ME5	-	-	-	-	-	-	-	-
100618-20-2-027005-27PR6	-	-	-	-	-	-	-	-
100618-20-2-027005-27WOM	-	-	-	-	-	-	-	-
100610-10-1-000326-ADDEX	-	-	-	-	-	-	-	-
100618-10-1-000326-27ME7	-	-	-	-	-	-	-	-
100610-10-1-000326-ADTRT	-	-	-	-	-	-	-	-
1004618-20-2-401001-39TC0 (TANF)	-	-	-	-	-	-	-	-
100618-10-1-000326-DPG8	-	-	-	-	-	-	-	-
Total state ADM funding	<u>55,816</u>	<u>3,299</u>	<u>2,121</u>	<u>4,895</u>	<u>13,490</u>	<u>9,159</u>	<u>11,211</u>	<u>14,929</u>
<b>OTHER GOVERNMENT FUNDING</b>								
Other state funding	43,105	-	1,638	-	10,418	7,074	8,658	11,529
Medicaid	-	-	-	-	-	-	-	-
Local government	-	-	-	-	-	-	-	-
Federal grants and contracts	25,318	-	962	-	6,119	4,155	5,085	6,772
Total other government funding	<u>68,423</u>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>16,537</u>	<u>11,229</u>	<u>13,743</u>	<u>18,301</u>
<b>ALL OTHER FUNDING AND REVENUE</b>								
First and third party fees Medicare	13,901	-	528	-	3,360	2,281	2,792	3,718
Contributions and donations	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-
Total nongovernmental funding	<u>13,901</u>	<u>-</u>	<u>528</u>	<u>-</u>	<u>3,360</u>	<u>2,281</u>	<u>2,792</u>	<u>3,718</u>
Total all funding and revenues	<u>\$ 138,140</u>	<u>\$ 3,299</u>	<u>\$ 5,249</u>	<u>\$ 4,895</u>	<u>\$ 33,387</u>	<u>\$ 22,669</u>	<u>\$ 27,746</u>	<u>\$ 36,948</u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF REVENUES BY COST CENTER (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

ADULT SUBSTANCE ABUSE

	Residential Level 4	Residential Level 1	Aftercare	Day/Night	Medical Services	Residential Detox	Outpatient Individual	HIV Education	Case Management
<b>STATE ADM FUNDING</b>									
100610-20-2-401001-39A18 (TANF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
101350-10-1-000326-19M18	-	-	-	-	-	-	-	-	-
100610-20-2-261015-GX018 (PATH)	-	-	-	-	-	-	-	-	-
100618-20-2-027005-27CHV	-	-	-	-	-	-	-	-	-
101350-10-1-000326-19M18 (IDP)	-	-	-	-	-	-	-	-	-
100420-10-1-000326-27ME3	-	-	-	-	-	-	-	-	-
100420-20-2-027005-27PR2	-	-	-	-	-	-	-	-	-
100420-20-2-401001-39TC1 (TANF)	-	-	-	-	-	-	-	-	-
100618-10-1-000326-270G5	-	-	-	-	-	175,322	-	-	-
100618-10-1-000326-270G7	59,691	65,203	9,949	1,613	6,722	-	52,700	-	51,425
100618-20-2-027005-27AD7	11,703	17,838	2,093	-	2,748	-	20,102	-	11,474
100618-20-2-027005-27HIV	-	-	-	-	-	-	-	21,143	-
100618-20-2-122023-27ME5	-	-	-	-	-	689,384	-	-	-
100618-20-2-027005-27PR6	-	-	-	-	-	-	-	-	-
100618-20-2-027005-27WOM	27,445	35,052	5,029	88	8,235	-	36,409	-	13,465
100610-10-1-000326-ADDEX	-	-	-	-	-	79,532	-	-	-
100618-10-1-000326-27ME7	117,153	198,041	20,931	581	10,901	-	209,567	-	117,517
100610-10-1-000326-ADTRT	16,180	25,858	2,938	720	1,419	-	29,938	-	15,525
1004618-20-2-401001-39TC0 (TANF)	5,853	87,782	-	-	-	-	2,936	-	975
100618-10-1-000326-DPG8	-	-	-	-	-	-	-	-	-
Total state ADM funding	<u>238,025</u>	<u>429,774</u>	<u>40,940</u>	<u>3,002</u>	<u>30,025</u>	<u>944,238</u>	<u>351,652</u>	<u>21,143</u>	<u>210,381</u>
<b>OTHER GOVERNMENT FUNDING</b>									
Other state funding	261,281	14,534	46,735	-	-	-	4,812	-	-
Medicaid	-	-	-	-	-	50	63,267	-	31,848
Local government	141,175	319,568	-	-	-	766,204	335,826	-	169,049
Federal grants and contracts	153,463	-	27,450	-	-	-	-	-	-
Total other government funding	<u>555,919</u>	<u>334,102</u>	<u>74,185</u>	<u>-</u>	<u>-</u>	<u>766,254</u>	<u>403,905</u>	<u>-</u>	<u>200,897</u>
<b>ALL OTHER FUNDING AND REVENUE</b>									
First and third party fees Medicare	84,262	125,689	15,072	12,212	-	521,921	315,387	9,423	142,594
Contributions and donations	-	-	-	-	-	91,720	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Other	6,380	31,473	-	6	-	11,274	767	-	593
In-kind	23,560	-	-	-	-	32,500	-	-	-
Total nongovernmental funding	<u>114,202</u>	<u>157,162</u>	<u>15,072</u>	<u>12,218</u>	<u>-</u>	<u>657,415</u>	<u>316,154</u>	<u>9,423</u>	<u>143,187</u>
Total all funding and revenues	<u>\$ 908,146</u>	<u>\$ 921,038</u>	<u>\$ 130,197</u>	<u>\$ 15,220</u>	<u>\$ 30,025</u>	<u>\$ 2,367,907</u>	<u>\$ 1,071,711</u>	<u>\$ 30,566</u>	<u>\$ 554,465</u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
SCHEDULE OF REVENUES BY COST CENTER (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

	ADULT SUBSTANCE ABUSE					CHILDREN SUBSTANCE ABUSE			
	Incidental	Intervention HIV	Outreach	Prevention	Recovery and Support	Prevention	Outpatient Individual	HIV Education	Aftercare
<b>STATE ADM FUNDING</b>									
100610-20-2-401001-39A18 (TANF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
101350-10-1-000326-19M18	-	-	-	-	-	-	-	-	-
100610-20-2-261015-GX018 (PATH)	-	-	-	-	-	-	-	-	-
100618-20-2-027005-27CHV	-	-	-	-	-	-	-	1,734	-
101350-10-1-000326-19M18 (IDP)	-	-	-	-	-	-	-	-	-
100420-10-1-000326-27ME3	-	-	-	-	-	-	146,480	-	5,098
100420-20-2-027005-27PR2	-	-	-	-	-	160,869	-	-	-
100420-20-2-401001-39TC1 (TANF)	-	-	-	-	-	-	-	-	-
100618-10-1-000326-27OG5	-	-	-	-	-	-	-	-	-
100618-10-1-000326-27OG7	6,115	8,066	4,840	-	2,554	-	-	-	-
100618-20-2-027005-27AD7	1,608	1,648	983	-	516	-	-	-	-
100618-20-2-027005-27HIV	-	-	-	-	-	-	-	-	-
100618-20-2-122023-27ME5	-	-	-	-	-	-	-	-	-
100618-20-2-027005-27PR6	-	-	-	193,019	-	-	-	-	-
100618-20-2-027005-27WOM	-	-	-	-	-	-	-	-	-
100610-10-1-000326-ADDEX	-	-	-	-	-	-	-	-	-
100618-10-1-000326-27ME7	16,527	18,605	11,119	-	5,814	-	-	-	-
100610-10-1-000326-ADTRT	2,258	2,313	1,390	-	725	-	-	-	-
1004618-20-2-401001-39TC0 (TANF)	-	-	-	-	-	-	-	-	-
100618-10-1-000326-DPG8	7,012	-	-	-	-	-	-	-	-
<b>Total state ADM funding</b>	<b>33,520</b>	<b>30,632</b>	<b>18,332</b>	<b>193,019</b>	<b>9,609</b>	<b>160,869</b>	<b>146,480</b>	<b>1,734</b>	<b>5,098</b>
<b>OTHER GOVERNMENT FUNDING</b>									
Other state funding	-	-	-	150,000	-	-	-	-	-
Medicaid	-	-	-	-	-	-	16,196	-	492
Local government	-	6,485	3,887	23,720	2,026	19,648	36,541	-	1,107
Federal grants and contracts	-	-	-	-	-	-	27,594	-	838
<b>Total other government funding</b>	<b>-</b>	<b>6,485</b>	<b>3,887</b>	<b>173,720</b>	<b>2,026</b>	<b>19,648</b>	<b>80,331</b>	<b>-</b>	<b>2,437</b>
<b>ALL OTHER FUNDING AND REVENUE</b>									
First and third party fees Medicare	-	-	-	4,156	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	45,260	-	-
Interest	-	-	-	-	-	-	-	-	-
Other	-	-	-	16,264	-	-	3,094	-	-
In-kind	-	-	-	-	-	-	-	-	-
<b>Total nongovernmental funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,420</b>	<b>-</b>	<b>-</b>	<b>48,354</b>	<b>-</b>	<b>-</b>
<b>Total all funding and revenues</b>	<b>\$ 33,520</b>	<b>\$ 37,117</b>	<b>\$ 22,219</b>	<b>\$ 387,159</b>	<b>\$ 11,635</b>	<b>\$ 180,517</b>	<b>\$ 275,165</b>	<b>\$ 1,734</b>	<b>\$ 7,535</b>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF REVENUES BY COST CENTER (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

	CHILDREN SUBSTANCE ABUSE					Other Various Sources	Total ADM	Non-ADM	Total All Cost Centers
	Outreach	Incidental	Medical Services	Crisis Support	Residential Level 2				
<b>STATE ADM FUNDING</b>									
100610-20-2-401001-39A18 (TANF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14,045	\$ -	\$ 14,045
101350-10-1-000326-19M18	-	-	-	-	-	-	10,615	-	10,615
100610-20-2-261015-GX018 (PATH)	-	-	-	-	-	-	85,365	-	85,365
100618-20-2-027005-27CHV	-	-	-	-	-	-	1,734	-	1,734
101350-10-1-000326-19M18 (IDP)	-	-	-	-	-	-	4,895	-	4,895
100420-10-1-000326-27ME3	48,272	5,550	28,380	57,944	748,615	-	1,040,339	-	1,040,339
100420-20-2-027005-27PR2	-	-	-	-	-	-	160,869	-	160,869
100420-20-2-401001-39TC1 (TANF)	-	-	-	-	17,543	-	17,543	-	17,543
100618-10-1-000326-270G5	-	-	-	-	-	-	175,322	-	175,322
100618-10-1-000326-270G7	-	-	-	-	-	-	268,878	-	268,878
100618-20-2-027005-27AD7	-	-	-	-	-	-	70,713	-	70,713
100618-20-2-027005-27HIV	-	-	-	-	-	-	21,143	-	21,143
100618-20-2-122023-27ME5	-	-	-	-	-	-	689,384	-	689,384
100618-20-2-027005-27PR6	-	-	-	-	-	-	193,019	-	193,019
100618-20-2-027005-27WOM	-	-	-	-	-	-	125,723	-	125,723
100610-10-1-000326-ADDEX	-	-	-	-	-	-	79,532	-	79,532
100618-10-1-000326-27ME7	-	-	-	-	-	-	726,756	-	726,756
100610-10-1-000326-ADTRT	-	-	-	-	-	-	99,264	-	99,264
1004618-20-2-401001-39TC0 (TANF)	-	-	-	-	-	-	97,546	-	97,546
100618-10-1-000326-DPG8	-	-	-	-	-	-	7,012	-	7,012
Total state ADM funding	<u>48,272</u>	<u>5,550</u>	<u>28,380</u>	<u>57,944</u>	<u>766,158</u>	-	<u>3,889,697</u>	-	<u>3,889,697</u>
<b>OTHER GOVERNMENT FUNDING</b>									
Other state funding	-	-	-	-	-	-	-	559,784	559,784
Medicaid	4,587	-	-	13,406	-	-	-	129,846	129,846
Local government	10,333	-	-	95,313	225,701	-	-	2,156,583	2,156,583
Federal grants and contracts	7,818	-	-	362	60,370	-	-	326,306	326,306
Total other government funding	<u>22,738</u>	-	-	<u>109,081</u>	<u>286,071</u>	-	-	<u>3,172,519</u>	<u>3,172,519</u>
<b>ALL OTHER FUNDING AND REVENUE</b>									
First and third party fees Medicare	9,968	-	-	-	69,592	202,598	-	1,539,454	1,539,454
Contributions and donations	-	-	-	-	-	43,882	-	180,862	180,862
Interest	-	-	-	-	-	3,315	-	3,315	3,315
Other	-	-	-	2,497	97,965	94,993	-	265,306	265,306
In-kind	-	-	-	-	36,334	20,000	-	112,394	112,394
Total nongovernmental funding	<u>9,968</u>	-	-	<u>2,497</u>	<u>203,891</u>	<u>364,788</u>	-	<u>2,101,331</u>	<u>2,101,331</u>
Total all funding and revenues	<u>\$ 80,978</u>	<u>\$ 5,550</u>	<u>\$ 28,380</u>	<u>\$ 169,522</u>	<u>\$ 1,256,120</u>	<u>\$ 364,788</u>	<u>\$ 3,889,697</u>	<u>\$ 5,273,850</u>	<u>\$ 9,163,547</u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF EXPENSES BY COST CENTER**  
**YEAR ENDED JUNE 30, 2011**

	ADULT MENTAL HEALTH							
	Case Management	Incidental Expenses	Assessments	Medical Services	Outpatient Individual	Outreach	Supported Employment	Supported Housing
<b>PERSONNEL EXPENSES</b>								
Salaries	\$ 40,306	\$ -	\$ 1,531	\$ -	\$ 9,742	\$ 6,614	\$ 8,096	\$ 10,780
Fringe benefits	12,177	-	463	-	2,943	1,998	2,446	3,257
Total personnel expenses	<u>52,483</u>	<u>-</u>	<u>1,994</u>	<u>-</u>	<u>12,685</u>	<u>8,612</u>	<u>10,542</u>	<u>14,037</u>
<b>OPERATING EXPENSES</b>								
Building occupancy	18,910	-	718	-	4,570	3,103	3,798	5,058
Professional services	-	-	-	-	-	-	-	-
Travel	473	-	18	-	114	78	95	126
Equipment cost	8,049	-	306	-	1,945	1,321	1,617	2,153
Food service	5,414	-	206	-	1,309	888	1,087	1,448
Medicine and pharmacy	3,007	3,299	114	-	727	494	604	804
Subcontracted services	3,809	-	145	4,895	921	625	765	1,019
Insurance	1,081	-	41	-	261	177	217	289
Interest	-	-	-	-	-	-	-	-
Operating supplies and expenses	2,308	-	88	-	558	379	464	617
Loss on asset disposal	-	-	-	-	-	-	-	-
Donated items	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>43,051</u>	<u>3,299</u>	<u>1,636</u>	<u>4,895</u>	<u>10,405</u>	<u>7,065</u>	<u>8,647</u>	<u>11,514</u>
<b>INDIRECT EXPENSES</b>								
Administration and other support	12,305	-	468	-	2,974	2,019	2,471	3,291
Total indirect expenses	<u>12,305</u>	<u>-</u>	<u>468</u>	<u>-</u>	<u>2,974</u>	<u>2,019</u>	<u>2,471</u>	<u>3,291</u>
Total expenses	<u>\$ 107,839</u>	<u>\$ 3,299</u>	<u>\$ 4,098</u>	<u>\$ 4,895</u>	<u>\$ 26,064</u>	<u>\$ 17,696</u>	<u>\$ 21,660</u>	<u>\$ 28,842</u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF EXPENSES BY COST CENTER (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

ADULT SUBSTANCE ABUSE

	Residential Level 4	Residential Level 1	Aftercare	Day/Night	Medical Services	Residential Detox	Outpatient Individual	HIV Education	Case Management
<b>PERSONNEL EXPENSES</b>									
Salaries	\$ 244,314	\$ 412,625	\$ 43,701	\$ 2,942	\$ -	\$ 1,125,549	\$ 459,908	\$ 13,741	\$ 238,427
Fringe benefits	73,848	126,215	13,213	6,635	-	306,871	138,835	4,148	71,975
Total personnel expenses	<u>318,162</u>	<u>538,840</u>	<u>56,914</u>	<u>9,577</u>	<u>-</u>	<u>1,432,420</u>	<u>598,743</u>	<u>17,889</u>	<u>310,402</u>
<b>OPERATING EXPENSES</b>									
Building occupancy	114,622	16,985	20,502	1,943	-	159,157	90,761	2,712	47,052
Professional services	-	-	-	-	-	21,450	-	-	-
Travel	2,865	2,853	512	450	-	3,674	14,724	440	7,633
Equipment cost	48,787	34,635	8,727	4,296	-	119,650	20,039	599	10,389
Food service	32,818	71,478	5,870	965	-	89,808	574	-	-
Medicine and pharmacy	1,687	9,555	2,071	1,698	-	88,687	80,823	-	-
Subcontracted services	38,605	-	4,930	-	30,025	8,553	12,641	527	9,146
Insurance	6,553	10,305	1,172	465	-	24,328	11,802	353	6,118
Interest	-	-	-	-	-	82,118	50,204	1,500	26,027
Operating supplies and expenses	13,990	20,901	2,502	2,723	-	36,845	25,722	769	13,335
Loss on asset disposal	-	-	-	-	-	-	-	-	-
Donated items	23,560	-	-	-	-	32,500	-	-	-
Total Operating Expenses	<u>283,487</u>	<u>166,712</u>	<u>46,286</u>	<u>12,540</u>	<u>30,025</u>	<u>666,770</u>	<u>307,290</u>	<u>6,900</u>	<u>119,700</u>
<b>INDIRECT EXPENSES</b>									
Administration and other support	74,587	125,970	13,342	898	-	343,619	140,405	4,195	72,789
Total indirect expenses	<u>74,587</u>	<u>125,970</u>	<u>13,342</u>	<u>898</u>	<u>-</u>	<u>343,619</u>	<u>140,405</u>	<u>4,195</u>	<u>72,789</u>
Total expenses	<u>\$ 676,236</u>	<u>\$ 831,522</u>	<u>\$ 116,542</u>	<u>\$ 23,015</u>	<u>\$ 30,025</u>	<u>\$ 2,442,809</u>	<u>\$ 1,046,438</u>	<u>\$ 28,984</u>	<u>\$ 502,891</u>

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF EXPENSES BY COST CENTER (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

	ADULT SUBSTANCE ABUSE					CHILDREN SUBSTANCE ABUSE			
	Incidental	Intervention HIV	Outreach	Prevention	Recovery and Support	Prevention	Outpatient Individual	HIV Education	Aftercare
<b>PERSONNEL EXPENSES</b>									
Salaries	\$ -	\$ 46,458	\$ 27,844	\$ 169,915	\$ 14,515	\$ 140,746	\$ 109,678	\$ 932	\$ 3,352
Fringe benefits	-	14,678	8,797	53,683	4,586	44,467	34,369	292	1,050
Total personnel expenses	-	61,136	36,641	223,598	19,101	185,213	144,047	1,224	4,402
<b>OPERATING EXPENSES</b>									
Building occupancy	-	5,364	3,215	19,619	1,676	16,251	18,097	154	553
Professional services	-	-	-	-	-	-	-	-	-
Travel	-	2,506	1,502	9,164	783	7,591	2,640	22	81
Equipment cost	-	2,573	1,542	9,411	804	7,795	5,985	51	183
Food service	-	-	-	219	-	-	62	-	-
Medicine and pharmacy	33,520	1,692	1,014	6,188	529	5,126	9,046	77	276
Subcontracted services	-	25,000	-	972	-	-	1,707	14	52
Insurance	-	1,182	709	4,324	369	3,582	2,686	23	82
Interest	-	2,147	1,287	7,852	671	6,504	-	-	-
Operating supplies and expenses	-	2,836	1,700	10,374	886	8,593	6,054	51	185
Loss on asset disposal	-	-	-	-	-	-	-	-	-
Donated items	-	-	-	-	-	-	-	-	-
Total Operating Expenses	33,520	43,300	10,969	68,123	5,718	55,442	46,277	392	1,412
<b>INDIRECT EXPENSES</b>									
Administration and other support	-	14,183	8,500	51,874	4,432	42,969	33,483	284	1,024
Total indirect expenses	-	14,183	8,500	51,874	4,432	42,969	33,483	284	1,024
Total expenses	\$ 33,520	\$ 118,619	\$ 56,110	\$ 343,595	\$ 29,251	\$ 283,624	\$ 223,807	\$ 1,900	\$ 6,838

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF EXPENSES BY COST CENTER (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

	CHILDREN SUBSTANCE ABUSE					Total ADM	Non-ADM	Indirect	Total All Cost Centers
	Incidental	Case Management	Medical Services	Crisis Support	Residential Level 2			Admin and and Support	
<b>PERSONNEL EXPENSES</b>									
Salaries	-	31,277	-	\$ 197,230	\$ 475,945	\$ 3,836,168	\$ 89,051	\$ 695,255	\$ 4,620,474
Fringe benefits	-	9,801	-	51,357	141,436	1,129,540	26,245	218,463	1,374,248
Total personnel expenses	-	41,078	-	248,587	617,381	4,965,708	115,296	913,718	5,994,722
<b>OPERATING EXPENSES</b>									
Building occupancy	-	5,161	-	19,282	141,171	720,434	14,419	37,601	772,454
Professional services	-	-	-	-	-	21,450	-	98,304	119,754
Travel	-	753	-	2,989	1,696	63,782	3,143	2,110	69,035
Equipment cost	-	1,707	-	7,759	50,280	350,603	6,791	25,368	382,762
Food service	-	-	-	51	81,705	293,902	-	139	294,041
Medicine and pharmacy	5,550	2,580	-	2,234	9,428	270,830	8	-	270,838
Subcontracted services	-	487	28,380	-	-	173,218	7,090	1,301	181,609
Insurance	-	766	-	4,770	11,091	92,746	2,194	17,051	111,991
Interest	-	-	-	-	999	179,309	-	19,709	199,018
Operating supplies and expenses	-	1,726	-	8,309	19,656	181,571	9,010	61,034	251,615
Loss on asset disposal	-	-	-	-	-	-	-	646	646
Donated items	-	-	-	-	36,334	92,394	-	21,350	113,744
Total Operating Expenses	5,550	13,180	28,380	45,394	352,360	2,440,239	42,655	284,613	2,767,507
<b>INDIRECT EXPENSES</b>									
Administration and other support	-	9,549	-	60,213	145,301	1,171,145	27,186	(1,198,331)	-
Total indirect expenses	-	9,549	-	60,213	145,301	1,171,145	27,186	(1,198,331)	-
Total expenses	5,550	63,807	28,380	\$ 354,194	\$ 1,115,042	\$ 8,577,092	\$ 185,137	\$ -	\$ 8,762,229

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**SCHEDULE OF STATE EARNINGS**  
**YEAR ENDED JUNE 30, 2011**

1.	Total Expenditures	\$ 8,762,229
2.	Less Other State and Federal Funds	(559,784)
3.	Less Non-Match ADM Funds	(2,471,991)
4.	Less Unallowable Costs Per 65E-14, FAC	-
5.	Less Unallowable Patient Fees	<u>-</u>
6.	Total Allowable Expenditures (Sum of lines 1, 2, 3, 4 and 5.)	<u>\$ 5,730,454</u>
7.	Total Amount of State Earnings (Line 6 times 75%)	\$ 4,297,841
8.	Amount of State Funds Required Match	<u>1,296,873</u>
9.	Amount Due to Department (Subtract Line 8 from Line 7. If negative, the amount of the difference is due the department up to the amount of Line 8.)	<u>\$ 3,000,968</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Southwest Florida Addiction Services, Inc.  
Fort Myers, Florida

We have audited the financial statements of Southwest Florida Addiction Services, Inc. ("SWFAS") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered SWFAS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWFAS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SWFAS's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors  
Southwest Florida Addiction Services, Inc.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SWFAS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Fort Myers, Florida  
November 15, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

Board of Directors  
Southwest Florida Addiction Services, Inc.  
Fort Myers, Florida

**Compliance**

We have audited the compliance of Southwest Florida Addiction Services, Inc. ("SWFAS") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011. SWFAS's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of SWFAS's management. Our responsibility is to express an opinion on SWFAS's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650 Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or a state project occurred. An audit includes examining, on a test basis, evidence about SWFAS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on SWFAS's compliance with those requirements.

In our opinion, SWFAS complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended June 30, 2011.

**Internal Control Over Compliance**

Management of SWFAS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered SWFAS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or a state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SWFAS's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, or state project, on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, or state project, will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Fort Myers, Florida  
November 15, 2011

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2011**

<b>FEDERAL AGENCY</b> <i>Pass-through entity</i> Federal Program	<b>CFDA</b> <b>Number</b>	<b>Grant/ Contract</b> <b>Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Central Florida Behavioral Health Network</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CF2036-1009	\$ 1,203,209
Temporary Assistance for Needy Families (TANF)	93.558	CF2036-1009	126,809
Projects for Assistance in Transition from Homelessness (PATH)	93.150	CF2036-1009	85,365
<i>Passed Through State of Florida, Department of Children and Families</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	LD937	<u>150,000</u>
Total programs - U.S. Department of Health and Human Services			<u>1,565,383</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the State of Florida Department of Education</i>			
Food Stamp Program	10.551	None	31,199
School Breakfast and National Lunch Programs	10.555	None	<u>29,118</u>
Total programs - U.S. Department of Agriculture			<u>60,317</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

<b>FEDERAL AGENCY</b> <i>Pass-through entity</i> Federal Program	<b>CFDA</b> <b>Number</b>	<b>Grant/ Contract</b> <b>Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through Lee County, Florida</i>			
Supportive Housing Program	14.235	5130	118,332
Supportive Housing Program	14.235	5212	73,786
Supportive Housing Program	14.235	5595	<u>36,145</u>
Total programs - U.S. Department of Housing and Urban Development			<u>228,263</u>
<b>U.S. DEPARTMENT OF VETERAN AFFAIRS</b>			
<i>Direct</i>			
VA Homeless Providers Grant and Per Diem Program	64.024	10-126-FL	<u>14,534</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,868,497</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

<b>STATE AGENCY</b> <i>Pass-through entity</i> State Project	<b>CSFA</b> <b>Number</b>	<b>Grant/ Contract</b> <b>Number</b>	<b>Expenditures</b>
<b>STATE OF FLORIDA, DEPARTMENT OF CHILDREN AND FAMILIES</b>			
<i>Passed Through Central Florida Behavioral Health Network</i>			
Substance Abuse Treatment and Aftercare Services for	60.030	CF2036-1009	\$ 1,040,341
Substance Abuse Detoxification Services for Adults	60.031	CF2036-1009	689,384
Substance Abuse Treatment and Aftercare Services for	60.033	CF2036-1009	726,757
Indigent Psychiatric Medication Program	60.039	CF2036-1009	4,895
Adult Community Mental Health Community Support	60.053	CF2036-1009	10,614
<i>Passed through Lee County, Florida</i>			
Challenge Grant	60.014	5556	<u>21,132</u>
Total programs - State of Florida, Department of Children and Families			2,493,123
<b>STATE OF FLORIDA, FLORIDA HOUSING FINANCE AUTHORITY</b>			
<i>Passed through Lee County, Florida</i>			
State Housing Initiatives Partnership Program	52.901	C-5051	<u>390,438</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 2,883,561</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2011**

**(1) Purpose of the Schedule**

The Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") is a supplementary schedule to the Center's basic consolidated financial statements and is presented for the purpose of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and by Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, *Schedule of Expenditures of State Financial Assistance*. The Schedule is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

**Basis of Presentation**

Federal Financial Assistance – Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that nonfederal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations.

State Financial Assistance – Pursuant to Florida Single Audit Act (Section 215.97, Florida Statutes) and Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, state financial assistance is defined as assistance from state resources, not including federal financial assistance and state matching, provided to nonstate entities to carry out a state project. State financial assistance includes all types of state assistance as stated in the rules of the Florida Department of Financial Services, established in consultation with the Comptroller and appropriate state agencies that provide state financial assistance. It includes state financial assistance provided directly by state awarding agencies or indirectly by recipients of state awards. It does not include procurement contracts used to buy goods or services from vendors.

Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to show the total expenditures for each of SWFAS's federal financial assistance programs as identified in the Catalog of Federal and Domestic Assistance (CFDA). Federal financial assistance programs that have not been assigned a CFDA number are indicated with an "N/A."

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2011**

**(2) Summary of Significant Accounting Policies (Continued)**

Catalog of State Financial Assistance – Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, requires the Schedule to show the total state financial assistance expended for each individual state project as identified in the Catalog of State Financial Assistance (CSFA). State financial assistance projects that have not been assigned a CSFA number are indicated with an “N/A.”

**Type A and Type B Programs**

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for SWFAS are those federal programs with expenditures in excess of \$300,000 for the fiscal year ended June 30, 2011.

Each non-state entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in any fiscal year is required to have a state single audit for such fiscal year in accordance with the requirements of the Florida Single Audit Act (Section 215.97, Florida Statutes). Chapter 69I-5 establishes the level of expenditures to be used in defining Type A and Type B state financial assistance projects. Type A assistance projects for SWFAS are those programs with expenditures in excess of the greater of \$300,000 or 3% of total state awards expended for the fiscal year ended June 30, 2011.

**Basis of Accounting**

Both federal and state financial assistance expenditures included in the Schedule are reported using the accrual basis of accounting.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 FEDERAL PROGRAMS AND STATE PROJECTS  
 JUNE 30, 2011**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

Type of auditors’ report issued;

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

***Federal Awards and State Financial Assistance***

Internal control over major federal programs and state projects:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ none reported

Type of auditor’s report issued on compliance for major federal programs and state projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 or Chapter 10.654 (1)(h) 4., Rules of the Auditor General? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 FEDERAL PROGRAMS AND STATE PROJECTS  
 JUNE 30, 2011**

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**Section I – Summary of Auditors’ Results (Continued)**

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Identification of major programs/projects:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.959	U.S. Department of Health and Human Services Block Grants for Prevention and Treatment of Substance Abuse
<b>CSFA Numbers</b>	<b>Name of State Project</b>
60.030	Substance Abuse Treatment and Aftercare Services for Children
60.031	Substance Abuse Detoxification Services for Adults
60.033	Substance Abuse Treatment and Aftercare Services for Adults

Dollar threshold used to distinguish between  
 Type A or Type B programs/projects was:  
 Major Federal Program  
 Major State Project

\$ 300,000  
\$ 300,000

Auditee qualified as low-risk auditee pursuant to  
 OMB Circular A-133?

\_\_\_\_\_ yes        X   no

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with Section 510(a) of OMB Circular A-133.

There were no matters reported in the prior year Schedule of Findings and Questioned Costs required to be reported in accordance with Section 510(a) of OMB Circular A-133.

**SOUTHWEST FLORIDA ADDICTION SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL PROGRAMS AND STATE PROJECTS  
JUNE 30, 2011**

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**Section IV – Findings and Questioned Costs – Major State Projects**

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Our audit did not disclose any matters required to be reported in accordance with Chapter 10.654(1)(h)4., Rules of Auditor General.

There were no matters reported in the prior year Schedule of Findings and Questioned Costs required to be reported in accordance with Chapter 10.654(1)(i), Rules of the Auditor General.

A management letter required by Section 215.97(8)(g), Florida Statutes, and defined in Rule 10.654(1)(e), has not been included as there are no items related to State financial assistance required to be reported.

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**Section V – Other Issues**

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No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.